

## Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 OIC-02

L-03 FRB-03 OMB-01 ITC-01 SP-02 AGRE-00 AID-05

CIAE-00 COME-00 INR-07 IO-13 LAB-04 NSAE-00

SIL-01 STR-04 TRSE-00 CEA-01 SSO-00 INRE-00

USIE-00 ISO-00 /099 W

-----261401Z 126956 /40

O R 261243Z MAR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 6222

INFO USMISSION USEC BRUSSELS

USUN NEW YORK 4492

OECD PARIS 9540

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 2309

FOR EB/ORF - BOSWORTH AND WENDT

E.O. 11652: GDS

TAGS: UNCTAD, EGEN

SUBJ: UNCTAD: UN CONFERENCE ON A COMMON FUND:

MARCH 23-25 DEVELOPMENTS

REF: GENEVA 2195

1. SUMMARY: MARCH 23-25 PERIOD OF UN NEGOTIATING  
CONFERENCE ON A COMMON FUND WAS DEVOTED TO CONSULTATIONS  
WITHIN REGIONAL GROUPS, WITH NO SESSIONS OF NEGOTIATING GROUPS  
HELD. THE G-77 HAS NOW PRODUCED A DRAFT DECISION BY THE CONFERENCE  
WHICH IT PLANS TO INTRODUCE AT A COMMITTEE OF THE WHOLE  
MEETING ON MONDAY. THE TEXT WOULD HAVE THE CONFERENCE AGREE  
TO ESTABLISH A COMMON FUND AS THE CENTRAL SOURCE OF FINANCE  
WITH DETAILS TO BE WORKED OUT NO LATER THAN NOVEMBER OF 1977.  
THE G-77 INTENDS TO SPEND THE NEXT WEEK NEGOTIATING  
ON THIS TEXT PLUS THE OBJECTIVES AND PURPOSES OUTLINED IN  
THEIR DRAFT PAPER ON A COMMON FUND. FINAL WEEK PROMISES  
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TO BE A STIFF TEST OF MEMBERS' ABILITIES TO WORK OUT  
COMPROMISE SATISFACTORY TO ALL, AND GROUP B NOW ORGANIZING  
ITS EFFORTS FOR THIS PERIOD. EC SPLIT OVER MAJOR CONFERENCE  
ISSUES CONTINUES, WITH DUTCH LIKELY TO BOLT IN LAST WEEK,  
AND ATTEMPT TO TAKE OTHER MEMBERS WITH THEM. RELATIONSHIP  
OF CURRENT CONFERENCE TO FORTHCOMING CIEC MEETINGS A  
CONSTANT THEME IN DISCUSSIONS HERE. END SUMMARY.

2. ACTIVITIES IN CONFERENCE MARCH 23-25 CENTERED IN REGIONAL GROUPS. NO MEETINGS OF THE NEGOTIATING COMMITTEES WERE HELD, WHILE G-77 LEADERSHIP STRUGGLED TO BRING THE AFRICAN GROUP BACK INTO LINE. THE AFRICANS WERE THE MOST ADAMANT ON GETTING A COMMITMENT IN PRINCIPLE TO A COMMON FUND FROM THIS MEETING. THE G-77 REACHED AGREEMENT AT A LATE FRIDAY EVENING MEETING ON A DRAFT CONFERENCE DECISION. IT WILL INTRODUCE THE TEXT AT A COMMITTEE OF THE WHOLE ON MONDAY MORNING. WE HAVE OBTAINED TEXT WHICH FOLLOWS: QUOTE: THE CONFERENCE DECIDES TO ESTABLISH A COMMON FUND WHICH SHALL SERVE AS THE MAIN INSTRUMENT FOR ATTAINING THE OBJECTIVES OF THE INTEGRATED PROGRAM FOR COMMODITIES AS EMBODIED IN RESOLUTION 93 (IV) AND FUNCTION AS THE CENTRAL SOURCE OF FINANCE FOR SPECIFIC OBJECTIVES AND PURPOSES AS OUTLINED IN A PRELIMINARY MANNER IN ANNEX I OF DOCUMENT TD/B/IPC/CF/8. THESE OBJECTIVES AND PURPOSES TOGETHER WITH ALL OTHER ELEMENTS OF THE COMMON FUND WHICH ARE REFERRED TO IN PARAGRAPH 2 OF SECTION IV OF RESOLUTION 93(IV) SHALL BE FURTHER ELABORATED AND NEGOTIATED NO LATER THAN NOVEMBER 1977. END QUOTE.

3. SITUATION WAS FURTHER COMPLICATED BY AN AFRICAN EFFORT TO AMEND THE G-77 DRAFT PAPER ON A COMMON FUND (INTRODUCED ORIGINALLY IN THE 3RD PREPARATORY MEETING AS CRP 3 OR ANNEX 8 TO TD/B/IPC/8 AND ALREADY AVAILABLE IN THE DEPARTMENT) TO DOWNPLAY THE ROLE OF COMMODITY AGREEMENTS VIS-A-VIS A COMMON FUND AND ALSO

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TO FURTHER EXPAND THE ROLE ASSIGNED TO THE FUND OF FINANCING MEASURES OTHER THAN BUFFER STOCKS. THE LATIN AMERICANS HAVE BEEN THE CHIEF OPPONENT OF THIS EFFORT AND CONSIDERABLE BARGAINING HAS GONE ON BETWEEN THOSE TWO GROUPS IN THE PAST THREE DAYS, WITH ISSUE STILL APPARENTLY UNRESOLVED.

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 AF-08 ARA-06 EA-07 EUR-12  
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AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04  
NSAE-00 SIL-01 STR-04 TRSE-00 CEA-01 SSO-00  
INRE-00 USIE-00 /099 W

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O R 261243Z MAR 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC IMMEDIATE 6223  
INFO USMISSION USEC BRUSSELS  
USUN NEW YORK 4493  
OECD PARIS 9541

C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 2309

4. WE EXPECT FORMAL SESSIONS OF THE CONFERENCE TO BE RESUMED ON MONDAY, MARCH 28. THESE WILL LIKELY CONSIST ONLY OF A SINGLE NEGOTIATING GROUP, HOWEVER, PROBABLY IN THE FORM OF COMMITTEE OF THE WHOLE TO CONSIDER REPORTS AND THE NEW G-77 PROPOSALS.

5. THERE WAS GENERAL GROUP B AGREEMENT THAT AT THIS STAGE A COMMON GROUP B PAPER TO COUNTER G-77 CRP/3 TEXT WOULD PROVE IMPOSSIBLE TO PRODUCE, BUT THAT AN AGREED CRITIQUE OF THE TEXT WAS POSSIBLE. THUS, GROUP B HAS GONE OVER THE TEXT AND ORGANIZED COMMENTS FOR USE IN POSSIBLE DEBATE. USDEL IN COURSE OF DISCUSSIONS HAS CONTINUED TO EMPHASIZE THAT OUR POSITION REMAINS THAT AS SET FORTH IN U.S. STATEMENT OF MARCH 10 AND THUS THAT OPEN-MINDED U.S. ATTITUDE ON CF DOES NOT EXTEND TO ENDORSEMENT OF THE CONCEPT OF A COMMON FUND AT THIS MEETING.

6. DIVISIONS AMONG THE EUROPEAN COMMUNITY CONTINUE AS NEW DUTCH EFFORTS TO SPLIT GROUP ARE INTENSIFYING. ISSUES DESCRIBED IN REFTEL WERE REFERRED TO HEADS OF GOVERNMENT  
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MEETING IN ROME MARCH 25, U.S.K. AND FRG REPS ASSURED US, IT WOULD BE IMPOSSIBLE TO REACH AGREEMENT THERE. BY OUR COUNT, IT IS POSSIBLE THAT AS MANY AS FIVE OR SIX OF NINE MAY BE WILLING WITH VARYING DEGREES OF ENTHUSIASM TO ACCEPT SOME SORT OF COMMITMENT IN PRINCIPLE TO A FUND, WITH ONLY DUTCH ACTIVELY PRESSING FOR COMMITMENT, HOWEVER. FRENCH MAY BE WILLING TO COMMIT ONLY FOR A FOURCADE-TYPE VERSION OF A CF. GERMANS ARE FIRM HOLDOUTS AND U.K. ALSO OPPOSED BUT WILLING TO EXPLORE LANGUAGE WHICH CONTAINS AN IMPLIED COMMITMENT (FOR EXAMPLE: "IT (GROUP B) COULD ENVISAGE THE ESTABLISHMENT OF A CF SATISFACTORILY WORKED OUT AND ACCEPTED BY A WIDE RANGE OF DEVELOPED AND DEVELOPING

COUNTRIES"). DEPT SHOULD ALSO NOTE THAT DUTCH ARE ALSO PRESSING (AGAIN, PROBABLY UNSUCCESSFULLY) FOR EC ACCEPTANCE OF JOINT PRODUCER/CONSUMER FINANCING OF BUFFER STOCKS.

7. AS PART OF PREPARATIONS FOR UPCOMING FINAL WEEK OF CONFERENCE, WITHIN GROUP B, A SMALL GROUP OF INDIVIDUAL DELEGATES HAS BEEN FORMED (INCLUDING U.S.) WHICH IS BEGINNING EXAMINATION OF POSSIBLE MUTUALLY-ACCEPTABLE OUTCOMES OF CONFERENCE. THIS GROUP MAY EMERGE NEXT WEEK AS PLANNING VEHICLE FOR GROUP B, ALTHOUGH IT IS CLEAR THAT ANY CONSENSUS IT MIGHT ACHIEVE WOULD CLEARLY HAVE TO EXCLUDE DUTCH AND NORWEGIANS. EXISTENCE OF THIS GROUP IS NOT GENERALLY KNOWN, EVEN AMONG ALL GROUP B MEMBERS, AND SHOULD BE HELD CLOSELY.

8. COMMENT: MAJOR CRUNCH NEXT WEEK SEEMS ALMOST UN-AVOIDABLE ON ISSUE OF A CLEAR COMMITMENT BY ALL PARTICIPANTS TO THE PRINCIPLE OF THE ESTABLISHMENT OF A COMMON FUND. IT IS, HOWEVER, OUR JUDGMENT THAT MODERATES AND REALISTS WITHIN G-77 MAY IN THE END PREVAIL AND THAT A SATISFACTORY SOLUTION WHICH FALLS SHORT OF SUCH A COMMITMENT BUT ESTABLISHES A SET OF GENERAL PRINCIPLES AND A TIGHT AND EFFECTIVE WORK PLAN FOR INTERSESSIONAL ACTIVITY TO CONSIDER TEXTS PRIOR TO RESUMPTION OF THE CONFERENCE IN THE AUTUMN  
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IS POSSIBLE. THIS CAN TAKE PLACE ONLY, HOWEVER, AFTER U.S. AND OTHERS HAVE BEEN PUT TO TEST AND DEMONSTRATED FIRMLY AND UNEQUIVOCALLY THAT THEY ARE NOT ABLE OR WILLING TO ENDORSE A SCHEME WHOSE COSTS AND OTHER RAMIFICATIONS REMAIN UNCLEAR AND WHOSE BENEFITS AS PRESENTLY DEFINED ARE FAR FROM CERTAIN.

9. RELATIONSHIP OF CURRENT MEETING TO FORTHCOMING CIEC EXERCISE ALSO MUCH ON MINDS OF PARTICIPANTS HERE, WITH SOME ARGUING THAT FAILURE OF CURRENT MEETING COULD DAMAGE PROSPECTS FOR SUCCESSFUL CIEC OUTCOME, BUT OTHERS MAINTAINING THAT LACK OF AVAILABLE CONCESSIONS ON OTHER COMMODITY PROBLEMS IN CIEC SHOULD DICTATE RESERVING ANY CONCESSION ON CF TO CIEC MEETING ITSELF. IN THIS RESPECT, WE PASS ALONG INTERESTING OBSERVATION OF VENEZUELAN DELEGATE (VARGAS) HERE TO THE EFFECT THAT GROUP B GAINS NOTHING BY POSTPONING AGREEMENT IN PRINCIPLE ON CF TO CIEC SESSIONS BECAUSE BY ITSELF IN THE COMMODITIES FIELD THAT WOULD NOT BE SUFFICIENT AT CIEC. IN OUR VIEW, THIS OBSERVATION IN FACT UNDERLINES THE TACTICAL ADVANTAGE OF HOLDING OUT MOVEMENT ON CF AS BARGAINING CHIP FOR CIEC, SINCE IT ILLUSTRATES THAT MANY IN G-77 ARE ASSUMING CONCESSION ON CF IS CERTAIN AND ARE NOW LOOKING FORWARD TO FURTHER NEW CONCESSIONS ON OTHER COMMODITY ISSUES, WHERE WE HAVE VERY LITTLE TO OFFER

AT THIS POINT. PLAYED PROPERLY (WHICH IN OUR VIEW WILL INVOLVE  
LINKING POSSIBLE AGREEMENT IN PRINCIPLE WITH A MUCH CLEARER  
DEFINITION WHICH CUTS OUT POSSIBILITY OF SOLE OR PRIMARY  
CENTRAL SOURCE FINANCING), THE CF ISSUE COULD BE AN IMPOR-  
TANT FACTOR IN THE FINAL CIEC OUTCOME.SORENSEN

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## Message Attributes

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